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Fabian Tract No. 234.

A SOCIAL PHILOSOPHY FOR FABIANS.

Written by ROBERT FRASER
for the New Fabian Group.

With an introductory note by
HAROLD J. LASKI.

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INTRODUCTORY NOTE.

This pamphlet is the outcome of an effort by some of the younger members of the Society, to restate for themselves the foundations of the Fabian philosophy. It is, if I may venture to say so, an admirable piece of work ; but its interest is, I think, not merely in what it has to say.

Forty years ago, the authors of *Fabian Essays* derived their outlook from Mill and Jevons ; and they were fairly certain that social problems admitted of direct and simple solutions. Mr. Fraser, and his colleagues have, it is clear, an inspiration and an outlook far more complex than the essayists. T. H. Green, Leonard Hobhouse and Mr. Tawney have all shaped their ultimate background ; and it is interesting to note the impact of Mr. and Mrs. Hammond's classic books upon their minds. I suspect, too, that Graham Wallas's *Human Nature in Politics* has given a sceptical edge to their thinking very different from the dogmatic confidence which marked the first phase of the Society's history. They are, too, far more greatly dubious whether we can hope to meet the difficulties which confront us. Mr. Fraser's cautious hypotheses are a fascinating contrast to Mrs. Besant's certitudes.

We hope that Mr. Fraser's tract is only the beginning of an effort by the new generation to investigate afresh the principles and practice of contemporary socialism. Most of its readers will, I think, agree that it is a beginning of real promise. It surveys the field of social philosophy with the right amplitude of mind. If its successors are as rich in vivid analysis the new generation of Fabians may revive the glories of the old.

H J. L.

A
Social Philosophy for Fabians.

Introduction.

Our tract is the result of group activity. Before we moved to each new point in the argument, the three or four of us met together and pooled our ideas. Ultimately a certain body of agreed principles would emerge, and this was the material upon which the draughtsman worked. And so to the end. The very early Fabians made consistent use of the group method in writing tracts, and our experience has convinced us that they were on the right road. No one who has not employed such a literary technique can realise how much the quality of the finished work owes to the co-operation of minds that has preceded it.

We address our tract to other young people who are interested in politics. It begins with a brief argument to show that the nature of the modern world demands from its inhabitants conscious attention to political issues. It then proceeds to examine the channels of opportunity open to those who desire a better world than the one in which they find themselves. It concludes by outlining a policy, the acceptance of which we believe will help to fulfil such a desire.

The Need for Political Activity.

The number of people with a natural interest in politics is small. Aristotle's observation that man is a social animal was made at a time when "social" and "political" were broadly inter-changeable terms, among the citizens of a unique city State, where direct government was still vigorously practised. It remains true that man is a social animal, but this sociality finds expression in many things that have little connection with politics.

This general failure to take part in politics is the result of many causes. Economic conditions, denying education to the common people, have fostered the tradition that politics is the preserve of rich gentlemen. Sometimes abstention from politics has been elevated into a principle. The early Christian Church taught that social and economic conditions were of no relevance against the background of the unseen world. The laissez-faire philosophy of the 19th Century disparaged political activity no less

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severely, for, while it admitted the importance of external conditions, it urged that political interference could only disturb the automatic beneficence of their unhindered ordering.

The rejection of such assumptions forms the first reason for individual interest in politics. Experience and modern psychology combine to insist that the capacity to live a good life depends very intimately upon the external conditions upon which it is to be lived. No less has experience proved that it is baseless optimism to believe that these conditions will be best ordered without political control. The view we take is concise. *We believe that it is impossible to live a good life except in a good society. Certain things we regard as fundamental to a good society. These things cannot be achieved without political action.* It is difficult to live well in the foulness of slums. The rate at which housing proceeds depends upon conscious social control. The good life does not seem possible to millions unless better education is open to them than at present. Educational policy is now a political question. The price of another Great War in Europe will not be the good life, but life itself. The prevention of war is in the hands of politicians. No weight, therefore, can be conceded either to reasoning such as that of the early Christian Church, or of laissez-faire economics.

Secondly, the obligation to take part in politics derives directly from the magnitude of our present evils. These evils are so gross, their incidence so unjust, their abolition so clearly a political question, that no one can escape a share of responsibility for their persistence.

To many who read this pamphlet the world may seem a pleasant place. The same world denies to millions the first conditions of a good life. It is when this fact is gripped in the mind that citizenship begins. Each of us tends to live in a world of his own, and when that world is pleasant there is little incentive to move beyond its boundaries. Citizenship can only begin when we realise that Lambeth and the Rhondda Valley are within, and not without, the margins of the world in which we find our own meaning. This world is brutal. And this world is unjust. For while its gifts to many are the deadening grip of poverty, the insecurity that is fatal to harmony, and the dull round of labour that inhibits creativeness, to others it gives everything that wealth can bring. It satisfies whims and leaves basic needs unfulfilled. Riches are often the reward of sterile leisure, and ceaseless labour is barely the guarantee of subsistence. So bitterness is added to frustration; and the General Strike was the answer that men gave to a State that seemed to them faithless to its own purpose.

The existence of a small class of rich men, standing above the common people, is a threefold evil. It is politically harmful

because unequal property implies unequal power. Property gives a sinister access to the source of political decision. University teaching, as in America, will be controlled in the interest of its maintenance. The Press will be controlled, and so the information from which public opinion is largely born. Property is, therefore, able to pervert the State to its own end.

It is economically harmful because it will mean sectional control of policy which is universal in its interest. Profits are not an infallible symptom of social utility. The destruction of a forest, the reckless exploitation of oil-fields, the defilement of a countryside may couple private gain with social loss. Production is twisted from its social purpose, and the economic system is made to produce cake for some before it has made bread for all. And we escape from the waste of competition at the price of monopoly-profit.

It is spiritually harmful because, in concentrating control, it makes ordinary men the passive recipients of orders, and allots them a working life over the conditions and purpose of which they exercise little or no control. It makes men ambitious for money, because money means power, and contemptuous of virtue, because virtue takes orders. The gospel of Capitalism is the gospel of success. It brings society to a moral standstill by its barren insistence on the inevitability of private gain as the mainspring of production.

The result has been to give property a representation at the source of social decision that is, by democratic theory, the birthright of personality. Society has a democratic political structure beside an oligarchic economic structure, and the social consequence is a pluto-democracy.

Every evil cannot be fathered upon capitalism. There is one major evil which, although it is aggravated by capitalism, might well exist in a Socialistic or Communist state. It has its source in the vastness of society. In democratic theory sovereignty resides in the people. In practice policy is formulated at a centre from which ordinary men and women feel themselves remote. " The English people are free only at election times," and if this is true, it follows that they are free only to renew their contract of slavery. It is this realisation that has led to the devices of the referendum, the initiative and the recall. That is too simple a way of bringing the " General Will " to Westminster. None the less, it is true that democracy is only a name so long as men feel that they cannot in any intimate way impress their personality upon the course of public policy, and the organisation of popular access to the point of control is the outstanding political problem of our times.

The Instruments of Political Activity.

Such conditions deny the good life to many. Whoever wishes to alter them is faced with no light task. For the institutions we are driven to condemn still enjoy the approval of influential sections of the community, while many who wish for a new society are compelled to spend their lives sustaining the old. Those who are free to plan and finally to introduce a new order must work with the greatest possible effectiveness.

This makes group action inevitable. The modern world is so complex, the evils we have analysed so integral a part of its structure, and themselves so strongly defended by groups, that they will not yield to individual pressure.

The most powerful of such groups within the nation are the political parties. The party formation, as experience shows, is a condition of democratic government, and is at the basis of the technique of mass politics. A party aims at being the actual instrument of legislation. This aim imposes certain definite features upon its life and character. Its first need is to fight for direct influence with the electorate. It must concentrate upon organising work. It must define its attitude in simple terms over the whole range of legislation. It must take issues as they arise, from day to day, and to-morrow be ready to pass to a new issue. General elections are the chapter headings of its life.

There also exist, apart from the political parties and in various relations to them, other groups with characters of their own. They do not operate on the scale of the political parties, and therefore have not the same duties. Some are given to special and single issues, like the League of Nations Union, or the Navy League. Others are grouped around a definite social philosophy, which can be applied to devise or test legislation of various kinds. Such, for example, was the group of Benthamite radicals, who dominated legislation in the middle of the 19th century, with their criterion of " the greatest happiness of the greatest number," and their test question of every institution, " what is its use? " Such also is the Fabian Society. It was present at the birth of the Labour Party—it has never lost its identity within it. Maintaining its coherent body of doctrine, it has made its chief concern the attempt, by research and propaganda, steadily to influence legislation in the direction such a body of doctrine suggests.

Fabianism as a Doctrine.

Fabianism, as a doctrine, begins from a conviction of the value of human personality, and a belief that all men and women have an equal right to live their lives in a manner that seems to them morally good. The State exists for the individual, and the

maintenance of his rights is its first duty. Rights are the conditions which he feels necessary to the fulfilment of his best self. They should be defined in the widest manner compatible with the exercise of equal rights by others. Rights are not equal unless freedom is equal.

To equalise freedom we must equalise economic opportunity. The Liberals of last century believed that the battle for freedom would be won by the assertion of men's equality before the polling booth. It is now apparent that political freedom without economic freedom is an illusion. The freedom enjoyed by the son of a miner is not comparable to the freedom enjoyed by the son of a millionaire. Like Benthamism, Fabianism believes that the end of legislation should be the happiness of society, and that each man is broadly the best judge of his own happiness. But from such beliefs it cannot move to the Benthamite conclusion that laissez-faire is the essence of legislative wisdom. To argue that, since each man is the best judge of his own happiness, therefore, the less legislative interference the better, is to miss the reality of the situation. For what is of first importance to the individual is not that he should be able to judge his own happiness, but that he should be able to attain it. There is no comfort for the dispossessed in liberty of judgment without the opportunity of achievement. If, as Bentham argued, each man is to count for one, and none for more than one, then the obligation of the State is to equalise the conditions of the achievement of happiness. Benthamism fails to meet modern necessity because it means leaving untouched social and economic conditions that are a plain denial of the good life to the broad mass of the people. We do not insist upon absolute economic equality; but we do insist that there is no freedom until the present inequality is stringently reduced, and that whatever inequality is permitted to exist shall be grounded on special need or demanded by the social quality of the work performed.

This economic equality is fundamental to a just and good society, but it cannot be introduced under capitalism. It must be imposed by collective control. This implies the common control for the common good, of the means of production and distribution. Such is the core of doctrine that makes the Fabian Society a socialist body.

Fabians do not believe that revolution is a necessary preface to the world they desire to see built. They believe that the approach to a good society lies through planned and peaceful progress. When a dictatorship bars peaceful progress there may be hope in nothing but revolution. But when revolution can be avoided, it should be avoided. For revolution is not a katharsis. It has its defects. In the stress of revolution reason and tolerance do not flourish, and those who hold power by the sword are

reluctant to relinquish what has been so hardly won. In England the approach to the good society lies open to those who have the patience and the care to pass that way.

Collectivism seems to us desirable, not only because it permits society to distribute wealth justly, but also because the motive of private profit is neither morally adequate nor practically efficient. What may be in the interests of the few may not be in the interests of the many. We can no longer allow private profit to be the test of whether certain services be performed. The deliberate and instructed will of society must prevail in what are matters of social interest.

There is lastly in Fabianism as a doctrine the element of "expertise," the emphasis on "measurement and publicity" on careful research and adequate knowledge. The new society will not be content to test its policy by a lazy reference to financial profit and loss, and must have at its disposal the information and judgment of a responsible public service.

It is necessary to make clear the implications of this element of doctrine. Fabianism does not mean more by its insistence on the need for government by experts than that it is preferable to government by inexperts. It does not imply the superiority of the decisions of a centralised bureaucracy over the decisions of the people. It is not Fabianism, but modern government, that implies an element of bureaucracy. Fabianism is concerned that that inevitable element shall be of high quality.

We have now concluded a survey of Fabian philosophy. Fabianism, as a method of applying that philosophy, has been distinguished by three principles.

Fabianism as a Method.

First, it has spread its doctrine by selective permeation rather than by mass propaganda. It has sought to persuade the influential rather than to appeal directly to the people. This tendency was not so marked in the early days of the society, but it has increased in strength, firstly because the need for mass propaganda is now met by other bodies, and, secondly, because both by its smallness and its temperament the society is unfitted for the street corner. Nor is the policy of permeation without a less negative justification. It seems to be a fact of group life that opinions spread downward through society from those whom society accepts as its leaders. It is possible, therefore, that by directing a stream of persuasion upon the influential the society has concentrated its energy at the point of maximum return.

Secondly, Fabianism has been scientific rather than prophetic. There has never been a Fabian dogma ready to treat facts on the Procrustean principle. There has, in a sense, never been even

a Fabian orthodoxy. Fabian writers have preferred the argument of fact rather than the eloquence of inspiration. and they have often been content to leave latent the socialist position beneath the factual arguments. It is interesting to speculate to what extent this Fabian bias for facts was instrumental in freeing English socialist thought from a subjection to Communist Fundamentalism.

The principle of permeation is seen at work in the stream of influence with which the Fabian Society surrounded the House of Commons debates on housing and education at the turn of the century, and, most distinctly, in the attempt to saturate the Liberal Party with Fabianism in the years 1880—1900.

Fabian preference for facts is apparent in the character of the tracts which the society has issued since its foundation in 1883, peculiarly in the birth control statistics collected from its members in the nineties, when most other people were meeting birth control with undiscriminating denunciation or applause; and, supremely, in the Poor Law Minority Report of 1909.

These two principles of permeation and factual argument have combined to lend to the society an air of sedate competence, which has been very helpful in opening the minds of the middle class to the weight of socialist argument.

Finally, the Fabian Society has been marked by a strong and continuous interest in institutions. It has attempted to develop what has come to be called an institutional sense. Every political theorist is led to ask what his theory implies in administrative terms. For all political theories are, in an almost literal sense, pregnant with a set of institutions; and with their deliverance the philosopher must concern himself. Those who believe in socialism, for example, must discover what answer socialism gives to the demand for democracy in industry, to the problem, let us say, of delegated legislation and administrative law, of the structure of the legislature, of local government areas, and of federalism in its broadest sense. They must seek the administrative aspect of the philosophic tenet.

Such a search for institutions may lag too far behind the formulation of the political theory. In 1688 the Divine Right of an absolutist executive disappeared from English political thought. Its place was taken by a political philosophy which based government on popular consent, and asserted the responsibility of the executive to an elected legislature. But to assert responsibility was not to ensure it, and it took 100 years to discover, in the cabinet, a satisfactory institutional answer to the demand for responsibility.

So with democracy the philosophy outruns the institutions. Fabianism recognises the profound importance of discovering institutions that will be more adequate to the theory of democracy.

It seeks the translation of a political philosophy into a political structure.

We have suggested why it is that present institutions make an imperfect response to the democratic idea. The modern State is so large that policy is decided at a centre from which ordinary men and women feel remote. Few men, when decisions about which they feel passionately are about to be taken, avoid a sense of being impotently outside the circle within which the decision is reached. They meet the will of the State as though it were external to them. This seriously impoverishes the significance of democracy.

It has been a first principle of Fabianism that a central legislature alone does not fulfil the implications of democracy. It is too remote to convince men that they are actual participants in the formulation of policy. We can build institutions that will diffuse a sense of freedom more evenly through the community if we follow the two principles of permeation and consultation.

Firstly, the State must decentralise. Democracy does not mean sovereignty at the centre and obedience at the circumference. It means that decisions shall be taken by those who have a major interest in the result. There are many questions in the modern State in which the central authority has only an indirect interest, and over which it therefore needs only an indirect supervision. Fabianism, therefore, has always emphasised the civic value of a healthy system of local government.

Secondly, the State must consult. The legislature is too apt to be insulated against the interests its laws will affect. If legislation is to be more closely interwoven with public opinion it is necessary to construct for public opinion institutional access to the legislature. We need to build around the legislature a circle of advisory committees, to be associated in the process of legislation at the formative stage. Such committees could be given a formal status. They would be attached in an advisory capacity to each State department, and could be chosen partly by the Minister and partly by the various associations interested in the work of the particular department.

The two principles of decentralisation and consultation are complementary. Roughly speaking, decentralisation extends the points of political decision nearer to the people. Consultation brings the people nearer to the points of political decision. Both magnify the meaning of the individual in the modern State. Both serve to maintain what Wells has called "the best direction of human affairs with the maximum of willing co-operation."

Peroration.

We are at the end of our discussion of Fabian political philosophy, and it remains to draw the threads together into a mild peroration.

We have come to the simple conviction that real democracy has never yet existed. The State began as a power system, through which the few maintained their authority over the many, and in which the interests of the few was the actual, if not the acknowledged, end of government. From this distorted purpose no State has yet won free.

We have found that democracy is thwarted in two ways. In the first place great inequality is fatal to the purpose of the State. For it constitutes a denial of the claim of men to share equally in the formation of policy. It divides society into antagonistic groups, between which there can be no ultimate compromise. It makes impossible, therefore, that interpenetration of wills without which a true community cannot exist. A small powerful class will direct legislation towards its own interests, not because it is wicked, but because its interests are alone comprehensible to it. To identify such interests with the common good is a natural step. But democracy can have no respect for welfare so conceived. It demands the definition of social good from all those who share in the co-operative life of the community. In the second place, democracy must discover institutions that will give reality to its purpose. The will of every citizen must be relevant to the State. His personality must assume a creative part in the process of government. So we must invent institutions that will express the totality of political willing in the community.

Beneath this pamphlet there lies a dominant political belief. The State can no longer claim obedience to its laws on the ground of their origin. It must win its members by its service. It must become, to that end, an association of free men, membership in which is at least as genuine and significant as membership in any other association. But this means that political privilege must be destroyed: for otherwise the sense of membership will not extend beyond the privileged. The State must build its will from an area as wide as its boundaries. If I know that my will is neglected or discounted in the formation of policy I am not free, and my loyalty will not be won. The will of the State is richer, not poorer, by the addition to its content of the will of the humblest within it—richer because a more complete response to the whole of social experience. Such, at least, is the faith we serve.

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C.M.S.
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THE FABIAN SOCIETY

11 DARTMOUTH STREET, WESTMINSTER, LONDON, S.W.1.

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The Society welcomes as members any persons, men or women, wherever resident, who subscribe to its Basis (set forth below), and who will co-operate in its work according to their opportunities.

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(TO BE SIGNED BY ALL MEMBERS.)

(*Adopted May 23rd*, 1919.)

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The Society is a constituent of the Labour Party and of the International Socialist Congress; but it takes part freely in all constitutional movements, social, economic and political, which can be guided towards its own objects. Its direct business is (*a*) the propaganda of Socialism in its application to current problems; (*b*) investigation and discovery in social, industrial, political and economic relations; (*c*) the working out of Socialist principles in legislation and administrative reconstruction; (*d*) the publication of the results of its investigations and their practical lessons.

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WHAT HAPPENED IN 1931: A RECORD.

BY

SIDNEY WEBB.

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WHAT HAPPENED IN 1931 : A RECORD.

By SIDNEY WEBB.

Now that the year is over it may be worth while putting on record a recital of what will rank as the most remarkable happening in British political history. The fall of the Labour Government after two and a quarter years troubled existence; the instant formation overnight of a new National Government under the same Prime Minister purporting to contain within itself all three political Parties; and finally, at the earliest practicable date, a hurried General Election in which an unprecedented combination of 69 per cent. of the voters elected all but 9 per cent. of the entire House of Commons, thus replacing Parliamentary Government by what is in effect a Party Dictatorship —the whole unfolding within sixty-three days of a single drama, in all its development foreseen in advance, it is safe to say, only by the statesman who was at once its author, its producer, and its principal actor—finds no parallel in anything in the Parliamentary annals of this or any other country. Why did Mr. Ramsay MacDonald, after thirty years upbuilding of the British Labour Party, decide to do his best to smash it, going over with a couple of his principal colleagues, and a mere handful of his Party to a Coalition of Conservatives and Liberals? How did he manage to create such a Coalition, and to place himself at its head? What caused an electoral landslide of such unexampled magnitude? Lastly, what is the significance in British political history, and its consequences to the world, of this unique island drama?

It is unnecessary to dwell on the continual difficulties that have beset the British, like most other European Governments, since the Peace Treaties of 1919—the constant international complications involved alike in reparations and in armaments, the world-wide industrial depression, the catastrophic collapse of prices, the ever-present misery of chronic unemployment, the universal colossal taxation which failed to avert a recurrence of deficits. The Labour Cabinet of 1929—31 stumbled, valiantly but as blindly as other Governments, through its share of these general troubles, aggravated in its own case by the special difficulties inherent in never having a majority in the House of Commons. This meant that the Government was every day dependent on the support of one or other of the inveterately hostile Parties for obtaining the Closure (granted only to a

majority vote), without which not even the routine business of Parliament can be got through, let alone any Goverment measures embodying party policy. The Labour Party itself grew more and more restive at its own Parliamentary impotence, section after section breaking out in angry rebellion, with practically everybody discontented at the meagre achievements of an overworked Cabinet whose difficulties were very inadequately realised. The Prime Minister was not in the mood to find time or energy for that friendly social intercourse with the members of his own Party, or even with his Ministerial colleagues, which goes so far to avert friction and produce the "team spirit." More and more he tended to spend his scanty leisure in less disagreeable society. Thus the session of 1931 opened with the Parliamentary Labour Party seriously discontented with itself, the several Ministers out of touch with one another, struggling separately with their departmental difficulties, the Cabinet unable to find solutions for problems in the circumstances actually insoluble, and the back benchers at loggerheads with themselves and with the front bench. The Prime Minister—very much aware of the shortcomings of each one of his colleagues, and of the Party to which he belonged, as well as (may it be said?) perhaps incessantly rather too conscious of his own superiority—was not in a condition to withstand the temptation of flattering suggestions that began to be made from more than one quarter. Why not cut the Gordian Knot by getting rid of the perpetual nuisance of Parliamentary Opposition; especially if such a surgical operation involved also the elimination, or at least the reduction to impotence, of those troublesome sections of the Labour Party whom the Prime Minister had come to loathe with a bitterness that could not be concealed?

The first overt suggestion of a "National Government" absorbing into itself "His Majesty's Opposition"—the constant existence of which had hitherto been accepted as an essential part of that mystic entity the British Constitution—was published early in 1931 by Mr. Garvin, the versatile and forceful Editor of *The Observer*. His object was avowedly to "dish" the existing majority of the House of Commons which obstinately refused to vote for a protective tariff. Twice the issue had been explicitly placed before the British electorate (in 1906, and again in 1923); and each time the policy of fiscal protection had been decisively rejected. Public opinion was, it was thought, now coming round. The agriculturists demanded protection for wheat-growing. The great industry of iron and steel production demanded protection against Belgian and German imports. Many other manufacturers resented what they called

"dumping"—especially by Soviet Russia (meaning usually no more than the competition of cheaper commodities). There was a growing demand for fiscal "preferences" to Dominion products, involving the imposition of duties on foodstuffs and raw materials from the United States and Argentina. In despair of any remedy for the chronic business slump and the long continued unemployment, even the merchants, the bankers and the shipowners, joined occasionally by some of the Trade Unions, began to hanker after what seemed the easy solution of excluding, or at any rate restricting foreign imports of manufactured goods. As many as nine-tenths of the Conservative members of the House of Commons became eager for a protectionist tariff, and they were half-heartedly joined by a few of the Liberals. Yet their leaders were afraid to put the proposal explicitly to the electors, who had decisively rejected it only eight years before. It began to be whispered among ardent protectionists themselves that only by the magic spell of a "National Government" evoking the patriotic emotion of the whole people, could the inherited popular distrust of "food taxes" be overcome and a policy of fiscal protection made politically practicable. Already in June 1931 it was said privately that September 1931 would see such a Government.

Meanwhile the Government finances were seen to be getting into a bad way. Already in February 1931 the Chancellor of the Exchequer (Philip Snowden) had publicly warned the House of Commons that the decline in revenue combined with the increase in expenditure was creating financial difficulty. Nevertheless, in presenting his Budget three months later, he avoided any considerable increase in taxation, and proposed no substantial reductions of expenditure, filling the gap by the appropriation to revenue of certain cash balances which it had become unnecessary to maintain, and by the continuance of the policy of borrowing for the Unemployment Insurance Fund which had been begun and continued by the preceding Conservative Government. It was, as events subsequently demonstrated, an extremely faulty Budget; excusable only by the grave state of health of the Chancellor who, with indomitable courage, had framed it from a sick bed, whilst suffering acutely from an internal disorder. The apprehended deficit very quickly became a certainty. The Hoover Moratorium of inter-governmental debts, cordially accepted by Great Britain, alone cost the Government 11 million pounds on the year's account, whilst the continued increase of unemployment and the short-fall of revenue consequent on the slump in trade greatly widened the gap. What the Prime Minister deemed most serious was, however, not so much the

prospective deficit itself as the chronic drain on the national finances involved in the continued maintenance of nearly three million unemployed workers (and their families) at a cost of some 120 million pounds a year. Yet how could the Labour Party, or indeed any one party, venture to propose suddenly to cut off the pay-roll so large a proportion of the electorate? The idea of a National Government, as a means, not of adopting a policy of fiscal protection, but of cutting out this dangerous "overgrowth" from the body politic seems to have been germinating in the Prime Minister's mind for months before the blow was struck. One great obstacle was the Liberal Party. How could that party, itself desperately fearing a General Election in which its absolute extinction was more than probable, be induced to merge itself in a three-party coalition, inevitably leading up to just such a popular judgment?

Curiously enough it was the Liberal Party itself that unwittingly brought on the fateful crisis. Regardless of the party's previous requisitions on the Government for enormous expenditure on public works to employ the unemployed, the whole party chose suddenly to demand of the Government the immediate appointment of a non-political Royal Commission of business men, which, in order to lighten the burden that the heavy taxation was declared to be pressing on industry, should summarily suggest drastic reductions in public expenditure. The Conservative Party, eager to join in a defeat of the Government on any issue, promised unanimous support. The Prime Minister and the Chancellor of the Exchequer in order to avert parliamentary defeat, somewhat contemptuously accepted the resolution, and appointed a three-party Commission of six bankers, accountants and manufacturers, under Sir George May, who had recently retired from the administration of the colossal Prudential Insurance Company. That Commission, going rapidly to work, produced by the end of July, 1931, a startling report, recommending (by a majority of 5 to 2) the instant striking-off of 96 million pounds of expenditure, over two-thirds of it from Unemployment Insurance, and most of the balance by summary reductions of pay (actually in breach of contracts individually entered into) of the school teachers; the local police forces; the Army, Navy and Air Force; the Health Insurance doctors and pharmacists; the Civil Service; and, finally, the judges and the Ministers themselves. In addition, the other expenditure on Public Health, on secondary and university education, on colonial development and on all forms of scientific research was to be cut down to a minimum. On the publication of this report, which experienced administrators felt to be both ignorantly framed and

ill-judged in many of its proposals, a great newspaper clamour arose, voicing the demand of the taxpayer for some such reduction of his burden; leaders of both the Conservative and Liberal Parties made it known that they would unite to defeat the Government on this popular cry; and the Cabinet at once took the matter seriously into consideration.

It happened, however, that this purely domestic and parliamentary crisis, which might have been surmounted by some ingenuity, as others had been, coincided with a second, and a more serious emergency of a different nature, and one not at once revealed to the public. In July, 1931, the Bank of England suddenly warned the Prime Minister and the Chancellor of the Exchequer of an alarming foreign drain of gold, caused by a steady withdrawal of the current balances and short term deposits which foreign governments, bankers and merchants had gradually accumulated in London, in the hands, mainly, of a few dozen of financial houses, to an amount of which (as each transaction was kept secret) the magnitude was unknown, either to the Government, or to the Bank of England, or even to any of the financial houses themselves, but which had lately been estimated at some 400 million pounds. In the ordinary course of business a large and equally unknown proportion of this sum had been lent on short terms, at relatively high rates of interest, to manufacturers and bankers in various continental countries, from whom it was proving difficult, and in many cases impossible to recall it without bringing down the whole fabric of German and Austrian credit. The London financial houses were very far from being insolvent, but their only resource in the emergency was to draw gold from the Bank of England, in exchange for currency. The resulting drain on the gold reserve, held for the quite different purpose of securing the fiduciary note issue, was so serious that the Bank had already borrowed in July from New York and Paris no less than 50 million pounds, which was rapidly disappearing. Early in August the Bank represented that unless the British Government itself borrowed, within a few days, 80 millions more in dollars and francs, to maintain the gold reserve, it would be necessary for the Government to declare a moratorium for the whole City of London, with calamitous results to credit, international as well as national, all the world over. No question was raised as to the possibility of going off the gold standard, a step then apparently regarded as unthinkable. The Labour Government sought accordingly, through the Bank of England, to borrow from New York—Paris being in close association—whatever the situation temporarily needed. The application was met by two requirements

stated to be necessary to "restore the confidence" without which, as it was stated, no such loan could be obtained. First, that the British Government Budget should be honestly balanced without recourse to other than this merely temporary borrowing, with the support in Parliament of the Opposition leaders; and secondly, that very substantial economies in Government expenditure should be instantly effected, notably as regards the cost of Unemployment Insurance. That this second stipulation was made has been denied; and the official denial is doubtless accurate in the sense that the stipulation was not put in the form of an ultimatum, or of any explicit claim to interfere with the British Government's own business. Doubtless the response of the New York bankers was not only courteous but sympathetic and even friendly in tone. But the Prime Minister himself has since said (in answer to a question in the House of Commons, and as a reason why the cut in the rate of Unemployment Benefit could not be cancelled) that this was "a condition of the borrowing," and must therefore be maintained. At any rate the Labour Cabinet, which had already unanimously determined to balance the Budget by immediately imposing the necessary additional taxation and by making any prudent economies, refused to accept any such "condition of the borrowing" as Mr. MacDonald has described, and late on Sunday evening, 23rd August, in order not to render urgent public business impossible, empowered the Prime Minister to tender to the King his own resignation, which automatically includes the termination of office of the whole Ministry. It was taken for granted that the King would immediately send for Mr. Baldwin, the leader of the Conservative Party, and entrust him with the formation of a new Government. It is significant that Mr. Neville Chamberlain, who as Mr. Baldwin's principal colleague had been with him almost hourly in consultation with the Prime Minister, stated publicly in a speech a few days later that he had himself gone to bed that Sunday night with exactly that assumption.

The Prime Minister had in mind a different development of the drama that he himself had staged. What happened at Buckingham Palace on Monday morning, 24th August, can be known only to the actual participators. What is said is that the King, with whom the Prime Minister had been in constant communication but who never went outside his constitutional position, made a strong appeal to him to stand by the nation in this financial crisis, and to seek the support of leading members of the Conservative and Liberal Parties in forming, in conjunction with such members of his own Party as would come in, a united National Government. The King is believed to have made

a correspondingly strong appeal to the Liberal and Conservative leaders. What is known is that Mr. MacDonald came at noon to the final Labour meeting, and at once informed his astonished colleagues that, whilst they were all out of office owing to his resignation, he had actually "kissed hands" as Prime Minister of a National Government, which would confine itself to what was required to meet the actual financial crisis and would then promptly proceed to a General Election, at which the leaders of the three political parties, without anything in the nature of a coalition or a "coupon," would severally appeal to their respective followers. The new Government thus formed proved to consist, in the Cabinet, of four Labour Ministers (Philip Snowden, J. H. Thomas and Lord Sankey, following the Prime Minister), four Conservatives and two Liberals. Meetings of the Conservative and Liberal Parties promptly endorsed the action of their respective leaders, and half-a-dozen Liberals and a dozen Conservatives accepted minor ministerial office. A meeting of the Parliamentary Labour Party, which Mr. MacDonald did not even attend, much less appeal to, refused unanimously to condone what it regarded as a gross betrayal, aggravated by a long course of exclusion of his colleagues from his counsel and policy. Only three of the Labour Ministers outside the Cabinet (together with the Prime Minister's son) accepted minor ministerial office in the new Government; whilst all but about 5 per cent. of the Labour members, and all but about 4 per cent. of the chosen Labour candidates, steadfastly adhered to Mr. Henderson, who was elected leader of the Party.

There was a note of irony in the immediate result. Withdrawals of balances from London, and the drain of gold from the Bank of England, continued unabated, and presently became a heavy spate—thus demonstrating that they were caused, not by any lack of confidence in Britain's Government, but by apprehensions of a run on the banks in nearly every other country! Within four weeks of the formation of the National Government, it found itself compelled summarily to prohibit the issue and the export of any more gold. On September 21st, London was "off the Gold Standard!" Far from this "terrible calamity" proving instantly ruinous to British credit or British trade, as Mr. MacDonald had so recently threatened, the Press welcomed it; and Manchester reported an immediate fillip in the exports of textile goods, a fillip presently felt in other export markets.

Meanwhile there was proceeding a short and excited session of Parliament, in which the new Ministry had found its claim to be, in any accustomed sense, a National Government, definitely rebutted by the presence, only slightly diminished in numbers,

of His Majesty's Opposition under Mr. Henderson. But by reason of the close alliance of the whole Conservative and Liberal Parties, with the 15 deserters from the Labour Party, the Government carried every vote by a majority of about 60. It rapidly put through the new Budget, showing taxation increased and expenditure reduced in a way to secure a surplus both for 1931-2 and 1932-3. It put through equally rapidly an "Economies Bill" on the lines of the May Report which, by a momentous and unprecedented change of constitutional practice, did not specify the economies to be made, but empowered the several Ministers to effect them in their own Departments, *with such arbitrary "modifications" of existing contracts as were required*, merely by ministerial fiat (for this, indeed, is what an order of His Majesty in Council has long meant). Such a device, adopted to avoid parliamentary debate, or even specific submission to the House of Commons of the proposed changes, may, one day, be made use of for a much greater revolution "in due course of law." The very day the Bill was passed Parliament was dissolved and writs were issued for a General Election within three weeks.

The election campaign of these three weeks was a political whirlwind without parallel in British annals. The Liberal and Conservative organisations in nearly every constituency promptly united, and resolutely closed their ranks against every candidate who did not run in support of the National Government. A regular plan of acting on the "fear complex" to which nearly everyone is subject, seems to have been determined upon. Practically the whole newspaper press of the country, with the outstanding exceptions of the *Manchester Guardian* and the *Daily Herald*, kept up the same appeal to the 30 million electors to help the National Government to save the State from vaguely suggested perils of the most awful nature. The broadcasting service, a piece of Governmental machinery, was, without any nice regard to fairness between the combatants, used day after day to immense effect, the air becoming thick with all manner of insinuations aimed at producing panic among the undiscriminating electors. Yet the crisis *had* been surmounted. The desired "economies" had been effected, and the Budget austerely balanced by additional taxation. There was thus no immediate financial menace. A new cause for panic was, however, promptly found in the "adverse balance" of the nation's trade, which no sound economist believes that any Government action could immediately affect, and which would anyhow be in due course automatically adjusted as one of the results of going off the Gold Standard. Nevertheless the "adverse balance of trade" was declared to be a

menace to the value of sterling at home. The currency was in danger of becoming valueless. The pound might sink to be worth no more than ten shillings, than one shilling, than a penny. No man's wages were safe from depreciation. The Labour Government, if it had not been turned out, would not have had money after November to pay the Unemployment Insurance Benefit. The climax was reached in statements repeated far and wide of something that the Labour Government had done or would do to the three hundred millions deposited by ten millions of people in the Post Office Savings Bank, which might be used to pay the unemployed. Nothing new had, in fact, been done or had ever been contemplated in connection with these savings, and this was well known to those who spread the alarming rumours. Yet the rumour actually produced a slight run on the Post Office Savings Bank. In the last hours before polling day millions of poor folk, the safety of whose little hoards seemed to be at stake, became scared though of what they knew not, and rushed to the polling stations which many of these had never troubled to visit before. When the ballot boxes were opened it was found that these subterranean streams of fear had undermined the electoral foundations of nearly every candidate, whatever his particular shade of politics, who was not a professed supporter of the so-called National Government. Such a landslide of votes no country had ever seen. Some 69 per cent. of all the voters, representing an unprecedented combination of all parts of the Kingdom, all political parties, all religious denominations, all vocations, all social grades and especially both sexes, simply annihilated the various "New Parties" and swept away four-fifths of His Majesty's Opposition, electing no less than 91 per cent. of the whole House of Commons in support of Mr. MacDonald's new Ministry.

What manner of Ministry is it, to which the destiny of Britain has thus hysterically been entrusted? It is, at any rate for the moment, not a Party Government because, even after its reconstitution, it includes prominent representatives of different Parties, although the regular Conservative Party now counts 470 members out of 615, and claims to furnish 94 per cent. of the Government's supporters in the House of Commons. A mixed contingent of Liberals hold office, but have only 50-odd followers in Parliament, split into two warring sections. The seceders from the Labour Party (who have been formally excluded from that Party) include the Prime Minister and half-a-dozen other Ministers, who are nearly equalled in numbers by the tiny handful of their Party supporters in the House of Commons. A Government so constituted and supported can hardly fail to be.

in substance, a Government of the Conservative Party. It was at the outset a Government without a policy, pledged only to do what it found to be the best for the nation. Within three weeks it was putting through measures (including fiscal protection and a gradual starvation of the social services) substantially in accord with the policy of the Conservative Party. The Government will, in fact, before the expiry of the term of the new Parliament, inevitably become Conservative through and through, either through gradual extrusion of the alien elements or by their complete assimilation.

What is the significance of this whole drama, with its *finale* of such an extraordinary election, in British political history? The first thing to notice is that the Labour Party, more than ever definitely Socialist in policy, is not "smashed," but rather consolidated and purified. Not all the skill with which the adverse combination was manœuvred—not all the force of the appeal to national emotion—availed to break the mass vote for Labour cast by the electorate. In October 1931, as it is beginning to be ruefully observed, allowing for the uncontested seats, no fewer than 7 millions voted for Socialism against some 16 millions for the Anti-Socialist union. At the preceding election (1929), the corresponding figures were 8 million and 13 million odd. It was merely the disunion among the Anti-Socialists that had put the Labour Party in office in 1929. Their union against Socialism was bound to come; and with it the end of any Minority Government. It is an accidental result of the British single member constituency that a decline in the votes cast for the Labour Party from 36 to 30 per cent. of the whole should involve a loss of no fewer than 215 seats. Of these at least 130 were seen to be gone as soon as the Liberals and Conservatives determined on union against Labour. What was swept away at this election can, just as suddenly, be reinstated at another. The remaining 85 losses, together with the exceptional magnitude of the local majorities, measure the success of the Prime Minister's astute playing upon the "fear complex" of the electorate.

Another comment on the electoral result is that perhaps for the first time in British history, a very large number of women must have voted differently from the men. In the early experience of Woman Suffrage, alike in the United States and in Australasia, it was the common opinion that the women always "voted with their menkind," whether fathers, husbands, brothers or lovers, thus making little perceptible difference to the result. No doubt the grey mare was sometimes the better horse, and the family man voted with the family woman; but the effect was the

same. On the Continent of Europe, in certain districts of Belgium, Germany, and Austria, in which Roman Catholicism is very strong, a majority of the women electors have sometimes been estimated to have voted in opposition to a majority of the men. In Great Britain, in 1931, for the first time, the women electors are considered to have voted differently from the men, and to have contributed to the National Government majority, in a much greater percentage than the men. A combination of patriotism and apprehension as to the safety of their little hoards of savings, certainly sent an unusual proportion of women electors to the poll, many of them for the first time. There has been no concealment of the fact that, in thousands of cases, they voted out of fear.

Finally it may be said that the whole episode is a manifestation, which the world will not fail to note, and which the British Labour Party must duly heed, of the extraordinary strength of the position of the British capitalist system and the British governing class. The capitalist system may show signs of breaking up. But let its elements combine and marshal to one end all their various forces; and their fortress is, in any particular contest, almost impregnable. Their automatically acquired wealth; their positions of vantage as employers or landlords; their command of very nearly the whole newspaper press and of the ability of our most capable cartoonists; their hordes of dependants, in the shopkeeping and professional classes no less than in domestic servants and other employees, and the immense technical ability by which they are served—all this counts more and more at the polls as electioneering becomes more scientific and more expensive, just as it does in any serious industrial conflict. But all these influences are helped at the parliamentary end by the social policy that has, for the past century, been almost instinctively followed by the British governing class, in its relation to any emerging personality, of whatever antecedents, in whom can be recognised the potentiality of power. Popular leaders are no longer ruthlessly suppressed when they are too ambitious to be bought off by anything less than parliamentary leadership. The British governing class cannot now punish *scandalum magnatum;* and corruption in its cruder forms has become repugnant to it. Far more tempting treatment is, almost automatically, and even out of genuine kindliness, now meted out. The emerging leaders of the common people are neither pilloried nor bribed. As soon as they show evidence of political power, they are embraced! It took some time to make Disraeli the beloved of duchesses. Joseph Chamberlain, Radical, Republican and Municipal Socialist was more

quickly assimilated. On more recent cases it is needless to dwell. Nor will these be the last. The willingness to use the weapon of seduction will be the last ditch in the defensive position of the British rentier class.

Meanwhile the shock that the Labour Party has received by the magnitude of its defeat may be expected to do it good. The Party is still only a quarter-of-a-century old, and its growth in that time to nearly one-third of the nation is little short of marvellous. But its representatives in Parliament have been, as we can now see, injuriously affected by what were only accidental successes. In being called as a minority to ministerial office in 1924, and again in 1929, merely through disunion among its opponents, the Labour Party was, as its members now realise, prematurely born into governmental life. It had never come near comprising a majority of the nation. At no election, not even at that of 1929, did it obtain the support at the polls of a majority of the wage-earning voters. Most of its parliamentary representatives have found it difficult, in their inexperience, to rid themselves of the mental habits of a lifelong oppositon to the powers that be, whilst some of them have seemed almost to regret the chance that has put them, for a time, among those powers. Nor can the Labour Party, in this generation of mediocrities, be said to have yet found, any more than its Liberal and Conservative opponents, the high statesmanship, or even the amount of governmental talent, required to cope with the recurring crises of the present century. The Labour Party has now the opportunity, during the next few years, of (1) applying itself continuously to the ubiquitous educational propaganda by which alone it can double the number of its adherents; (2) of quietly working out in greater detail its constructive programme, without prematurely committing itself as a Party to any but general principles; (3) of steadily accustoming the public to one item after another in that programme by the publication of an incessant stream, not only of popular pamphlets, but also of books, lectures and articles in the weeklies and monthlies by individual members; and last but not least, (4) of seeking to develop, within the Party itself, much more of that friendly social intercourse among fellow-workers in a common cause which so effectively promotes its success.

THE FABIAN SOCIETY

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(To be signed by all Members.)

(*Adopted May 23rd*, 1919.)

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